

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

HB 863 - SB 1014

March 20, 2017

SUMMARY OF BILL: Exempts undocumented students from paying out-of-state tuition at a state institution of higher education, at the discretion of the Tennessee Board of Regents (TBR), the state university governing boards, or the University of Tennessee (UT) board of trustees. Such individuals shall meet certain requirements to receive in-state tuition, including but not limited to, attending a school in this state for the two years immediately prior to graduation from high school; graduating from a Tennessee high school or obtaining a GED or HiSET credential awarded by a state-approved institution or organization, or completing high school in a Tennessee home school program; and is registered as an entering student or is enrolled at a state institution of higher education. The out-of-state tuition exemption does not apply to international students or trainees who are nonimmigrants within the meaning of § 8 U.S.C. 1101(a)(15)(F); (a)(15)(H)(iii); (a)(15)(J); or (a)(15)(M).

ESTIMATED FISCAL IMPACT:

Increase State Revenue – Net Impact –

\$1,295,700/FY17-18/State University System

\$1,334,500/FY18-19/State University System

**Exceeds \$1,374,600/FY19-20 and Subsequent Years/
State University System**

\$259,500/FY17-18/Community College System

\$267,300/FY18-19/Community College System

**Exceeds \$275,300/FY19-20 and Subsequent Years/
Community College System**

\$1,436,700/FY17-18/University of Tennessee

\$1,479,800/FY18-19/University of Tennessee

**Exceeds \$1,524,200/FY19-20 and Subsequent Years/
University of Tennessee**

Assumptions relative to the State University System:

- Based on information provided by TBR, there will be a small portion of the student population who currently attends an institution in the State University System (SUS) and pays out-of-state tuition rates that will be impacted by this legislation.

- It is further estimated that there will be a significant increase in the number of this student population that attends any institution of higher education as a direct result of this legislation.
- It is estimated that there are 40 students currently enrolled at an institution in the SUS that will be impacted by this proposed legislation.
- The difference in annual out-of-state tuition and in-state tuition for universities in the SUS is estimated to be \$15,636.
- The decrease in state revenue for the SUS in FY17-18 is estimated to be \$625,440 (40 students x \$15,636)
- Based on information provided by TBR, it is estimated 273 additional students would enroll in a SUS institution as a result of the proposed legislation that would not enroll in the absence of the legislation.
- It is estimated that the additional students would pay in-state tuition at an average rate of \$7,037
- The increase in state revenue for SUS in FY17-18 is estimated to be \$1,921,101 (273 students x \$7,037).
- The net increase in state revenue for SUS as a result of the proposed legislation is estimated to be \$1,295,661 (\$1,921,101- \$625,440).
- With a three percent annual increase in tuition, the net increase in state revenue for SUS is estimated to be \$1,334,531 (\$1,295,661 x 103.0%) in FY18-19; and estimated to exceed \$1,374,567 (\$1,334,531 x 103.0%) in FY19-20 and subsequent years.
- Based on the information provided by TBR, the SUS has the capacity and faculty to facilitate 273 additional students. Therefore, any cost associated with infrastructure and faculty is estimated to be not significant.

Assumptions relative to the Tennessee Board of Regents Community Colleges:

- Based on information provided by TBR, there will be a small portion of the student population who currently attends a TBR Community College and pays out-of-state tuition rates that will be impacted by this legislation.
- It is further estimated that there will be a significant increase in the number of this student population that attends any postsecondary institution as a direct result of this legislation.
- It is estimated that there are 60 students currently enrolled at a TBR community college that will be impacted by this proposed legislation.
- The difference in annual out-of-state tuition and in-state tuition for TBR community colleges is estimated to be \$12,246.
- The decrease in state revenue for TBR community colleges in FY17-18 is estimated to be \$734,760 (60 students x \$12,246)
- Based on information provided by TBR, it is estimated 253 additional students would enroll in a TBR community college as a result of the proposed legislation that would not enroll in the absence of the legislation.
- It is estimated that the additional students would pay in-state tuition at an average rate of \$3,930.

- The increase in state revenue for TBR community colleges in FY17-18 is estimated to be \$994,290 (253 students x \$3,930).
- The net increase in state revenue for TBR community colleges in FY17-18 as a result of the proposed legislation is estimated to be \$259,530 (\$994,290 - \$734,760).
- With a three percent annual increase in tuition, the net increase in state revenue for TBR community colleges is estimated to be \$267,316 (\$259,530 x 103.0%) in FY18-19; and estimated to exceed \$275,335 (\$267,316 x 103.0%) in FY19-20 and subsequent years.
- Based on the information provided by TBR, the TBR community colleges have the capacity and faculty to facilitate 253 additional students. Therefore, any cost associated with infrastructure and faculty is estimated to be not significant.

Assumptions relative to the University of Tennessee System:

- Based on information provided by UT, there will be a small portion of the student population who currently attends an institution in the UT system that currently pays out-of-state tuition rates that will be impacted by this legislation.
- It is further estimated that there will be a significant increase in the number of this student population that attends any UT system institution as a direct result of this legislation.
- It is estimated that there are 10 students currently enrolled at a UT system institution that will be impacted by this proposed legislation.
- The difference in annual out-of-state tuition and in-state tuition at UT is estimated to be \$15,290.
- The decrease in state revenue for the UT system in FY17-18 is estimated to be \$152,900 (10 students x \$15,290)
- Based on information provided by UT, it is estimated 171 additional students would enroll in a UT system institution as a result of the proposed legislation that would not enroll in the absence of the legislation.
- It is estimated that the additional students would pay in-state tuition at an average rate of \$9,296.
- The increase in state revenue for the UT system in FY17-18 is estimated to be \$1,589,616 (171 students x \$9,296).
- The net increase in state revenue for the UT system in FY17-18 as a result of the proposed legislation is estimated to be \$1,436,716 (\$1,589,616 - \$152,900).
- With a three percent annual increase in tuition, the net increase in state revenue for the UT system is estimated to be \$1,479,817 (\$1,436,716 x 103.0%) in FY18-19; and estimated to exceed \$1,524,212 (\$1,479,817 x 103.0%) in FY19-20 and subsequent years.
- Based on the information provided by UT, UT has the capacity and faculty to facilitate 171 additional students. Therefore, any cost associated with infrastructure and faculty is estimated to be not significant.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in dark ink that reads "Krista M. Lee". The signature is written in a cursive, flowing style.

Krista M. Lee, Executive Director

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